



PSC NEWS

Missouri Public Service Commission

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PSC STAFF FILES COMPLAINT AGAINST SOUTHERN MISSOURI GAS

Staff alleges terms of agreement violated

JEFFERSON CITY—The Staff of the Missouri Public Service Commission has filed a complaint against Sendero SMGC LP Acquisition Company and Sendero SMGC GP Acquisition Company d/b/a Southern Missouri Gas Company (SMGC) alleging the natural gas company has violated terms of an agreement which lead to Sendero's purchase of the Southern Missouri Gas Company in May of this year.

In an April 13, 2005, memorandum supporting the sale, the PSC Staff stated that the hiring of an experienced full-time local general manager was necessary because, as a start up company, Sendero had never purchased natural gas under this name. "While the proposed owners do have extensive experience in the oil and gas business, based on the information Staff (PSC Staff) has received, Sendero's existing management has never operated an LDC," the PSC Staff said.

Staff noted in its filing that the person who negotiated the gas supply, evaluated peak day demand requirements, and directed the gas supply function for SMGC prior to Sendero's purchase, was no longer with the gas company.

Under the terms of the agreement, which the Commission approved in an April order authorizing the sale, Sendero was to hire a qualified full-time local general manager for the Southern Missouri Gas Company operations. The PSC Staff alleges the hiring was to have occurred within three months of the May close of the sale. Staff alleges that SMGC has not hired a qualified full-time local manager who is to be directly responsible for the day-to-day operations of the gas company.

The PSC Staff complaint is seeking authorization to go to Circuit Court to seek penalties against SMGC. Staff also seeks an early prehearing conference to address this issue with the company to see if resolution of this matter is possible.

SMGC provides natural gas service to approximately 7,500 natural gas customers in the Missouri counties of Wright, Texas, Webster, Howell, Greene and Douglas.